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SUBJECT: BALI CLIMATE CHANGE CONFERENCE: AUSTRIAN VIEWS

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Summary

11. (SBU) Environment Minister Josef Proell told the Charge on December 6 that Austria was supportive of U.S. efforts to develop a Bali roadmap. Proell recognized that any post-Kyoto agreement needed to include flexibility for national plans, but he stressed that Austria supported the EU goal of limiting global warming to less than two degrees centigrade above pre-industrial levels. Proell said the developing world must step up environmental assistance and technology transfers to the emerging economies, but Klaus Radunsky from the Federal Environment Agency cautioned that there would certainly be IPR concerns with transfers to China. Helene Schuberth, the Chancellor's Economic Advisor, told us that without the world's major emitters, an EU "go-it-alone" strategy would actually increase global demand for fossil fuels and concurrently carbon dioxide emissions. Schuberth acknowledged that many countries, including Austria, needed "more deeds and less words" in their policies to reduce global warming. Post's outreach efforts to Austrian stakeholders included an op-ed by the Charge in the December 7 edition of Die Presse, one of Austria's two leading dailies. End Summary.

GoA Supports Bali Roadmap

12. (SBU) On December 6, Charge and Acting EconPol Counselor met with Minister of Agriculture and Environment Josef Proell to lay out USG positions (ref A) on the Bali UN Climate Change Conference. Charge stressed that the USG was committed to develop a post-2012 framework that is global in nature, environmentally effective, and economically sustainable. Charge underscored that it would be important to allow for some flexibility in each country's national plans. Binding targets were one tool, but other measures, such as market-based incentives, non-voluntary targets, and technology were equally important to achieve meaningful reductions that do not limit economic growth. The USG hoped to work with its partners at Bali to construct a roadmap leading to a consensus on a new framework by 2009.

13. (SBU) Proell, who will lead the Austrian delegation to the Bali Ministerial, welcomed the U.S. willingness to strive for a global commitment to reduce greenhouse gas emissions. To be effective, a post-2012 framework must include the U.S., India, and China. Proell opined that to integrate the large emerging economies into the process, the developed world would need to ratchet up assistance and technology transfers to developing countries. Proell expressed understanding for flexible national plans, but he added that the EU had made a firm commitment to binding targets. Moreover, the EU

remained committed to the goal of limiting global warming to no more than two degrees above the pre-industrial temperature.

Is 2009 Too Ambitious?

14. (SBU) EconPol Counselor and EconUnit Chief met separately with Klaus Radunsky from Austria's Federal Environment Agency. Radunsky also argued for increased technology transfers to emerging economies, but he cautioned that, especially in the case of China, there were significant IPR concerns to overcome. Radunsky expressed concern that the goal of reaching an agreement by 2009 might be too ambitious, given the number of preparatory meetings, as well as internal coordination within governments, that will be necessary. He also suggested that the scope of the negotiations should be narrowed. At the same time, however, Radunsky argued that it would be important to keep all elements of a strategy in one agreement, e.g., it would be important to deal with mitigation and adaptation together. Radunsky welcomed U.S. interest in beginning a sectoral approach, but he also cautioned that this is a new area, where there is no precedent on how to proceed.

Chancellery: Post-Kyoto Agreement Must Be Global

15. (SBU) EconUnit Chief met on December 6 with Helene Schuberth, the Chancellor's Special Advisor on Economic Policy. Schuberth, who will represent the Chancellery at Bali, noted that, while the U.S. and EU have many points of convergence on global warming, the EU favored a top-down approach as opposed to a bottom-up approach in the U.S.

VIENNA 00002914 002 OF 002

Austria supported the concept of "equitable, global burden sharing," as well as increased promotion of technology as a means to fight global warming. Schuberth admitted that many countries, including Austria, needed "more deeds and less words" to achieve real reductions. (Note: Austria's 2005 emissions were 18% above 1990 levels and 37% above its own Kyoto commitment for the 2008-2012 period (ref B). End Note.)

16. (SBU) Schuberth maintained that, because the EU accounts for only 16% of global emissions, the EU's efforts would be in vain unless all major emitters participate in a post-Kyoto agreement. The EU's binding targets should lead to a decrease in demand for fossil fuels in Europe. However, with no corresponding decline in world demand, the additional world supply (not available to Europe) will drive down the world price for fossil fuels. A lower world price will lead to an increased demand from those who have not committed to reduce their carbon dioxide emissions. In the end, Schuberth lamented, you will have an even greater increase in global carbon dioxide output.
Kilner